

**Alabama Department of Finance:
Division of Risk Management**



**Functional Analysis
&
Records Disposition Authority**

**Revision
Presented to the
State Records Commission
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Functional and Organizational Analysis of the Alabama Department of Finance: Division of Risk Management

Sources of Information

- Representative of the Division of Risk Management
- Code of Alabama 1975 § 41-4-300 through 41-4-306; 41-15-1 through 41-15-13; 36-1-6 through 36-1-6.1; 36-29A-1 through 36-29A-7
- Alabama Administrative Code, Chapters 355-3-1 and 355-8-1.
- Alabama Government Manual (2006), page 44
- Department of Finance, Division of Risk Management Handbook (9th Edition)
- Holdings of the Department of Archives and History for the Division of Risk Management
- Archives Division, State Agency Files (1985-ongoing)

Historical Context

Act 90-672 of the Alabama Legislature created the Division of Risk Management within the Alabama Department of Finance in 1990.

Agency Organization

A Risk Manager, appointed by the Finance Director with the approval of the governor, heads the division (Code of Alabama 1975 § 41-4-305). The staff consists of claims representatives, loss control personnel, information technology personnel, EAP program director, attorneys, an administrative assistant, administrative support personnel, and medical specialists. An organizational chart is attached.

Agency Function and Subfunctions

The mandated functions of the Division of Risk Management are to carry out the provisions of the Code of Alabama 1975 relating to the self-insurance funds maintained by the state; to assist and advise the Finance Director on insurance and bonding matters; to provide information and recommendations to the legislature when requested; and to provide programs and/or guidelines leading to premium and financial risk reductions, including collection and investment of premiums, rate making, and claims administration (Code of Alabama 1975 § 41-4-302). The division is primarily involved in carrying out the Financial Management subcategory of the Administrative Support Operations function of Alabama government. In the performance of its mandated functions, the division may engage in the following subfunctions:

- **Managing Risk.** The State self-insures against property, general liability claims, and employee injury through the State Insurance Fund, the General Liability Trust Fund, and the State Employee Injury Compensation Trust Fund. Agencies pay into the funds at rates determined by the Division of Risk Management, which is responsible for administering

the funds. Activities associated with administration of the funds include keeping accounting and statistical records, adjusting losses, and, in the case of the State Insurance Fund, appraising and surveying property.

The State Insurance Fund (SIF), a public entity risk pool, provides coverage for state buildings and public school buildings and their contents against casualty and fire losses (Code of Alabama 1975 § 41-15-1 through 41-15-13). The division also provides optional physical damage coverage for state automobiles. Automobile coverage also includes optional “open lot” coverage for agencies that maintain fleets of vehicles parked in one location. The Employee Auto Liability Program, an extension of the GLTF instituted in 1992, addresses liability that occurs while an employee is operating a vehicle on state business. The General Liability Trust Fund (GLTF) insures state employees against employment-related liability claims (Code of Alabama 1975 § 36-1-6 and 36-1-6.1). The Legislature established the State Employee Injury Compensation Trust Fund (SEICTF) in 1994 (Code of Alabama 1975 § 36-29A-1 through 36-29A-7). It provides indemnity and medical benefits for state employees who incur injuries on the job.

The Division of Risk Management is also responsible for managing policies purchased from private insurance providers. In addition to handling the purchase process, the division manages payment of premiums, policy contract terms, policy coverage changes, and claims handling. Such contracts cover flood insurance, boiler and machinery insurance, blanket fidelity and dishonesty bonds, and other miscellaneous coverages. The division also purchases excess insurance to cover its own self-insurance trust funds against catastrophic loss. The Finance Director makes the final decision about which providers are awarded contracts. Some state agencies with special insurance needs, such as medical or professional malpractice insurance, purchase their own policies separately. The division reviews and approves the purchase but does not otherwise monitor these contracts.

Part of the Division of Risk Management’s legislative mandate calls for it to develop programs and provide assistance to state agencies to reduce financial risk (Code of Alabama 1975 § 41-4-301). The division develops generic loss control programs for all agencies and also assists agencies in identifying and assessing risks unique to a particular agency. It provides information, education, and training to aid agencies in developing customized programs. Since the implementation of the State Employee Injury Compensation Trust Fund (SEICTF), the division has expanded its loss control activities to include prevention and management of employee injuries by developing safety programs; a preferred provider network of physicians for employees injured on the job who have Blue Cross/Blue Shield medical coverage through the State Employees Insurance Board; and early return-to-work programs.

The Code of Alabama 1975 § 41-4-301, calls for the Division of Risk Management to assist and advise the Finance Director on insurance and bonding matters, and to provide information and recommendations to the legislature when requested. This activity is generally carried out informally, and its activities are reflected in correspondence between division representatives and the Finance Director. The division does not create

formal reports to advise either the director or the legislature.

- **Providing Assistance to State Employees.** Implementation of the State Employee Assistance Program (SEAP), established by Executive Order No. 48, began in October 1994. State agencies voluntarily participate in this program by paying a per-employee fee to the program. The SEAP is a short-term counseling and referral service designed to promote employee effectiveness and efficiency by providing confidential professional assistance in such areas as supervisor and subordinate conflict, drug and alcohol abuse, financial management, marital and family problems, and emotional and mental conditions. Employees may enter the program through self-referral or supervisory referral.
- **Administering Internal Operations.** A significant portion of the agency's work includes general administrative, financial, and personnel activities performed to support the programmatic areas of the agency including:

Managing the Agency: Activities include internal office management activities common to most government agencies such as corresponding and communicating, scheduling, meeting, documenting policy and procedures, reporting, litigating, legislating (drafting, tracking), publicizing and providing information, managing records, and managing information systems and technology.

Managing Finances: Activities include budgeting (preparing and reviewing budget package, submitting the budget package to the Department of Finance, documenting amendments and performance of the budget); purchasing (requisitioning and purchasing supplies and equipment, receipting and invoicing for goods, and authorizing payment for products received); accounting for the expenditure, encumbrance, disbursement, and reconciliation of funds within the agency's budget through a uniform system of accounting and reporting; authorizing travel; contracting with companies or individuals; bidding for products and services; and assisting in the audit process.

Managing Human Resources: Activities include recruiting and hiring eligible individuals to fill positions within the agency; providing compensation to employees; providing benefits to employees such as leave, health insurance, unemployment compensation, worker's compensation, injury compensation, retirement, and death benefits; supervising employees by evaluating performance, granting leave, and monitoring the accumulation of leave; training and providing continuing education for employees; investigating and disciplining.

Managing Properties, Facilities, and Resources: Activities include inventorying and accounting for non-consumable property and reporting property information to the appropriate authority; leasing and/or renting offices or facilities; providing security for property managed by the agency; insuring property; and assigning, inspecting and maintaining agency property.

Analysis of Record Keeping System and Records Appraisal of the Alabama Department of Finance: Division of Risk Management

Agency Record Keeping System

The record keeping system of the Division of Risk Management consists of paper and electronic records.

Computer Systems

The division computer system is a custom-designed Windows system, the Division of Risk Management Information System (DORMIS). The system is backed up daily, monthly, and quarterly with backups pushed off site for secure storage. There are three databases – DORMIS (involves various lines of insurance business and claims for those lines), American Technical Services (a Windows system installed for the Employee Injury Program), and ImageRight (a Windows system which houses all electronic records pertaining to the various lines of business). The staff involved in each of these areas has access to all the files in their area via the ImageRight system as determined by their respective security clearances.

Paper-based System

Paper records and mail are scanned into the electronic filing system of ImageRight.

Records Appraisal of the Alabama Department of Finance: Division of Risk Management

The following is a discussion of the two major categories of records created and/or maintained by the Division of Risk Management: Temporary Records and Permanent Records.

I. Temporary Records. Temporary records should be held for what is considered their active life and be disposed of once all fiscal, legal, and administrative requirements have been met. Some of the temporary records created by the board are discussed below:

- **Underwriting Files.** The division staff members are responsible for underwriting functions across all lines of coverage, including certifications, endorsements, and schedules. In this respect, all lines of coverage are treated the same. Therefore, the certification, endorsement, and schedule files for all lines of business are rolled into this series and one retention assigned.
- **Automobile Liability & Physical Damage Claim Files.** These files contain information regarding state employees who have motor vehicle accidents. The files are maintained for three years following the fiscal year in which they were closed. This allows ample time for a two-year statute to run.

- **General Liability Claim Files.** General Liability claim files need to be maintained longer than some other types of claim files because some of the claims involve minors injured by a state employee. In general, a minor plaintiff has two years from the attainment of majority to file a lawsuit for injury.
- **Property Claim Files.** These files contain claim information filed by the State agency or School system regarding property damage to state owned buildings and/or contents. They are occasionally audited by Excess Insurance Carriers. The files are maintained for three years following the fiscal year in which they were closed unless the particular year involves an Excess Insurance claim subject for audit. In that case, the files are maintained until all excess claims are closed.
- **Employee Injury Claim Files.** These records contain information about state employees who have incurred on-the-job injuries. There is a 2-year statute of limitations on any benefits from the date a claim is closed. However, state employees may have more than one injury over the course of their employment with the State, therefore it is beneficial to retain records of past injuries, medical diagnostics, and treatment for future reference.
- **Supplementary Insurance Account Files.** The Division of Risk Management (DORM) purchases insurance coverage through the private sector for coverage for its three (3) funds and/or acts as a liaison for state agencies needing coverage that DORM does not provide in that it manages the purchase process, payment of premiums, policy contract terms, policy coverage changes, and claims handling. Information on these records may include the insurance broker/agent, insurance carrier, coverage to include endorsements, invoices/payments, and claim-related correspondence. The policies may be renewed annually or every three years. The division staff maintain this series for six (6) years following the expiration of the policy or until all outstanding claims are settled which is a standard retention for contracts of this nature.
- **Real Property Ownership Records.** The division owns buildings and land as part of its investments for the self-insurance funds and maintains abstracts / deeds for these properties. These records provide proof of ownership and thus have legal and fiscal value to the agency for as long as it owns the property.

II. Permanent Records. The Archives Division recommends the following records as permanent.

Managing Risk

- **Annual Reports.** Code of Alabama 1975 § 41-15-2, mandates that the risk manager provide an annual report for the Department of Finance of the financial condition of the self-insurance funds. This published report summarizes all of the funds' financial activities during the past fiscal year and also provides a brief summary of the division's various programs. (**Bibliographic Title: Annual Reports**)

Administering Internal Operations

- **Publications.** To promote and advertise services, the division prepares and distributes various publications. This series may consist of employee handbooks, newsletters, “car kits” (publications placed in all state cars that guide employees involved in an accident through the necessary procedures), and other related materials. **(Bibliographic Title: Publications)**
- **Website and Social Media Site(s).** The division has a website at www.riskmgt.alabama.gov. Information on the website includes division’s historical background, function, description of programs, publications, various forms, and contact directory. ADAH staff capture and preserves the agency’s website and other social media sites via a service offered by the Internet Archive [Archive-It]. Any content behind password protected or login would not be captured by ADAH. Check with the ADAH website at www.archiveit.org/organizations/62 to ensure your agency and social media site(s) are captured and preserved. If your agency’s website and social media site(s) are not being captured by the service, please contact the Archives Division at 334-242-4452 to get them included. **(Bibliographic Title: Website and Social Media Site[s])**

**Permanent Records List
Alabama Department of Finance:
Division of Risk Management**

Managing Risk

1. Annual Reports

Administering Internal Operations

1. Publications
2. Website and Social Media Site(s)

Alabama Department of Finance: Division of Risk Management General Records Disposition Authority

This Records Disposition Authority (RDA) is issued by the State Records Commission under the authority granted by the Code of Alabama 1975 § 41-13-5 and 41-13-20 through 21. It was compiled by the Archives Division, Alabama Department of Archives and History (ADAH), which serves as the Commission's staff, in cooperation with representatives of the Agency. The RDA lists records created and maintained by the Agency in carrying out their mandated functions and activities. It establishes minimum retention periods and disposition instructions for those records and provides the legal authority for the Agency to implement records destruction.

Alabama law requires public officials to create and maintain records that document the business of their offices. These records must be protected from "mutilation, loss, or destruction," so that they may be transferred to an official's successor in office and may be made available to members of the public. Records also must be kept in accordance with auditing standards approved by the Examiners of Public Accounts (Code of Alabama 1975 § 36-12-2, 36-12-4, and 41-5-23). For assistance in implementing this RDA, or for advice on records disposition or other records management concerns, contact the agency records manager or ADAH Archives Division at (334) 242-4452.

Explanation of Records Requirements

The RDA shall govern the disposition of all records, regardless of format, created by the agency from creation to dissolution. Please contact the staff of the Department of Archives and History before destroying any records created prior to 1940.

This RDA supersedes any previous records disposition schedules or RDAs governing the retention of the records created by the Agency. Copies of superseded schedules are no longer valid and may not be used for records disposition.

The RDA establishes retention and disposition instructions for records listed below, regardless of the medium on which those records may be kept. Electronic mail, for example, is a communications tool that may record permanent or temporary information. As for records in any other format, the retention periods for e-mail records are governed by the requirements of the subfunctions to which the records belong.

Certain other record-like materials are not actually regarded as official records and may be disposed of under this RDA. Such materials include (1) duplicate record copies that do not require official action, so long as the creating office maintains the original record for the period required; (2) catalogs, trade journals, and other publications received that require no action and do not document agency activities; (3) stocks of blank stationery, blank forms, or other surplus materials that are not subject to audit and have become obsolete; (4) transitory records, which are temporary records created for short-term, internal purposes, may include, but are not limited to, telephone call-back messages, drafts of ordinary documents not needed for their evidential value, copies of material sent for information purposes but not needed by the receiving office for future

business, and internal communications about social activities; (5) honorary materials, plaques, awards, presentations, certificates, and gifts received or maintained by the agency staff. They may be disposed of without documentation of destruction.

Records Disposition Requirements

This section of the RDA is arranged by subfunctions of the Agency and lists the groups of records created and/or maintained as a result of activities and transactions performed in carrying out these subfunctions. The Agency may submit requests to revise specific records disposition requirements to the State Records Commission for consideration at its regular biannual meetings.

Managing Risk

ANNUAL REPORTS

Disposition: PERMANENT RECORD.

Underwriting Files

Disposition: Temporary Record. Retain 3 years.

Field Survey Reports

Disposition: Temporary Record. Retain 10 years from the date of last survey.

Automobile Liability and Physical Damage Claim Files

Disposition: Temporary Record. Retain 3 years after final settlement of claim.

General Liability Claim Files

Disposition: Temporary Record. Retain 5 years after final settlement of claim.

General Liability Claim Files Involving Minors / Legally Incapacitated Claimants and/or Structured Settlements

Disposition: Temporary Record. Retain 5 years after legal majority status is obtained or 5 years from the date of final payment under the terms of the structured settlement.

General Liability Trust Fund Coverage and Procedures Files

Disposition: Temporary Record. Retain for useful life.

Property Claim Files

Disposition: Temporary Record. Retain 3 years after final settlement of claim.

Employee Injury Claim Files

Disposition: Temporary Record. Retain 10 years after settlement of claim.

Employee Injury Claim Files for Injury Occurred Between October 1, 1994 and May 10, 1995

Disposition: Temporary Record. Retain until injured employee is deceased.

SEICTF Payroll Warrant Registers

Disposition: Temporary Record. Retain 1 year after compliance or financial audit by the Examiners of Public Accounts or an equivalent auditing firm or one year after the end of the fiscal year the audit covers, whichever is later.

Blue Cross/Blue Shield Suspense and Paid Reports

Disposition: Temporary Record. Retain 1 year after compliance or financial audit by the Examiners of Public Accounts or an equivalent auditing firm or one year after the end of the fiscal year the audit covers, whichever is later.

Supplementary Insurance Account Files

Disposition: Temporary Record. Retain 6 years after policy expires or all outstanding claims are closed, whichever is longer.

Approvals for Agency-Purchased Insurance

Disposition: Temporary Record. Retain 3 years.

Third Party Administrator for Employee Assistance Program Cost and Utilization Reports

Disposition: Temporary Record. Retain 1 year after compliance or financial audit by the Examiners of Public Accounts or an equivalent auditing firm or one year after the end of the fiscal year the audit covers, whichever is later.

Providing Assistance to State Employees

Note: Records no longer created are records 1940 and pre-1900 that may have historical value.

Administering Internal Operations: Managing the Division**PUBLICATIONS**

Disposition: PERMANENT RECORD.

WEBSITE AND SOCIAL MEDIA SITE(S)

Disposition: PERMANENT RECORD.

Note: ADAH staff capture and preserve the agency's website and other social media sites via a service offered by the Internet Archive [Archive It]. Any content behind password protected or login would not be captured by ADAH. Check with the ADAH website at www.archiveit.org/organizations/62 to ensure your agency and social media site(s) are captured and preserved. If your agency's website and social media site(s) are not captured by the service, please contact the Archives Division at 334-242-4452 to get them included.

Databases

Disposition: Temporary Record. Retain until no longer useful.

Fund Annual Report Work Papers

Disposition: Temporary Record. Retain 3 years.

Routine Correspondence (includes requests for information)

Disposition: Temporary Record. Retain 1 year after compliance or financial audit by the Examiners of Public Accounts or an equivalent auditing firm or one year after the end of the fiscal year the audit covers, whichever is later.

Administrative Reference Files

Disposition: Temporary Record. Retain for useful life.

Records documenting the implementation of the agency's approved RDA (copies of transmittal forms to Archives or State Records Center, evidence of obsolete records destroyed, and annual reports to State Records Commission)

Disposition: Temporary Record. Retain 1 year after audit after the end of the fiscal year in which the RDA was superseded.

Copies of Approved RDA

Disposition: Temporary Record. Retain 1 year after the audit for the fiscal year in which the RDA is superseded.

Computer Systems Documentation (Hardware/Software Specifications and Warranties)

Disposition: Temporary Record. Retain documentation of former system 1 year after audit for the fiscal year in which the former hardware and software no longer exists anywhere in the agency and all permanent records have been migrated to a new system.

Administering Internal Operations: Managing Finances**Records documenting the bid process (including requests for proposals and unsuccessful responses)**

- a. Sealed Bids over \$15,000

Disposition: Temporary Record. Retain 7 years after the end of the fiscal year in which the bids were opened. (Code of Alabama 1975 § 41-16-24).

- b. Other Bids

Disposition: Temporary Record. Retain for 10 years after the award of the contract, then destroy.

Administering Internal Operations: Managing Properties, Facilities, and Resources**Real Property Ownership Records**

Disposition: Temporary Record. Retain 3 years after the final disposition of the property.

Records documenting the lease or rental of office or warehouse space for the department

Disposition: Temporary Record. Retain 6 years after expiration of the lease.

**Original copies of Division of Risk Management's financial transactions, personnel, and property management records are maintained by other divisions of the Finance Department. Therefore, duplicate copies of these records maintained by the Division of Risk Management are not subject to retention requirements.*

Requirement and Recommendations for Implementing the Records Disposition Authority (RDA)

Requirement

Under the Code of Alabama 1975, § 41-13-21, “no state officer or agency head shall cause any state record to be destroyed or otherwise disposed of without first obtaining approval of the State Records Commission.” This Records Disposition Authority constitutes authorization by the State Records Commission for the disposition of the records of the Agency as stipulated in this document.

One condition of this authorization is that the Agency submit an annual Records Disposition Authority (RDA) Implementation Report on its activities, including documentation of records destruction, to the State Records Commission.

Recommendations

In addition, the Agency should make every effort to establish and maintain a quality record-keeping program by conducting the following activities:

The Agency should designate a staff member in a managerial position as its records liaison/records manager, who is responsible for: ensuring the development of quality record keeping systems that meet the business and legal needs of the agency, coordinating the transfer and destruction of records, ensuring that permanent records held on alternative storage media (such as microforms and digital imaging systems) are maintained in compliance with national and state standards, and ensuring the regular implementation of the agency’s approved RDA.

Permanent records in the Agency’s custody should be maintained under proper intellectual control and in an environment that will ensure their physical order and preservation.

Destruction of temporary records, as authorized in this RDA, should occur agency-wide on a regular basis—for example, after the successful completion of an audit, at the end of an administration, or at the end of a fiscal year. Despite the RDA’s provisions, no record should be destroyed that is necessary to comply with requirements of the Open Meetings Act, audit requirements, or any legal notice or subpoena.

The agency should maintain full documentation of any computerized record-keeping system it employs. It should develop procedures for: (1) backing up all permanent records held in electronic format; (2) storing a back-up copy off-site; and (3) migrating all permanent records when the system is upgraded or replaced. If the agency chooses to maintain permanent records solely in electronic format, it is committed to funding any system upgrades and migration strategies necessary to ensure the records’ permanent preservation and accessibility.

Electronic mail contains permanent, temporary, or transitory record information. Although e-mail records can be printed out, filed, and retained according to the RDA’s requirements, the

office should preferably employ an electronic records management system capable of sorting e-mail into folders and archiving messages having long-term value.

The staff of the State Records Commission or the Examiners of Public Accounts may examine the condition of the permanent records maintained in the custody of the Agency and inspect records destruction documentation. Agency records managers and/or the ADAH archivists are available to instruct the staff in RDA implementation and otherwise assist the Agency in implementing its records management program.

The State Records Commission adopted this records disposition authority on October 23, 2013.

Edwin C. Bridges, Chairman, by Tracey Berezansky
State Records Commission

Date

By signing below, the agency acknowledges receipt of the retention periods and requirements established by the records disposition authority.

Ben M. Spillers, Risk Manager
Division of Risk Management

Date

James Allen Main, Director
Department of Finance

Date